

■ Was there no alternative to the restrictive financial and budgetary policy of the presidential cabinets led by Heinrich Brüning between 1930 and 1932? Or would there have been room for maneuver for a different course in order to at least mitigate the social and economic consequences of the global economic crisis? There has been much discussion about these questions, and they are also the focus of Paul Köppen's essay. The historian approaches the topic using the example of French credit offers at the height of the crisis, works out Brüning's long-term goals on this basis and finally arrives at a clear answer. ■■■■

Paul Köppen

## **"We were able to turn the disease into our weapon."**

Heinrich Brüning's austerity dictate and the rejection of French loan offers in 1930/31

### **The political framework**

When the German ambassador Leopold von Hoesch arrived on July 9, 1930 for a meeting with the leaders of the French government, he was probably expecting one thing above all: renewed complaints and grievances about German policy. Against the backdrop of the noticeable cooling of relations between France and the German Reich, the patriotic and media-charged festivities surrounding the evacuation of the Rhineland on June 30th had clearly demonstrated the bilateral "weather collapse of the summer of 1930"<sup>1</sup>. While the original hope in Paris was that the withdrawal of Allied troops from the occupied territories could "pave the way for reconciliation and rapprochement"<sup>2</sup> as an act of liberation, the German side soon expressed its joy and satisfaction at regaining territorial sovereignty on the Rhine in such a way that it could hardly be distinguished from nationalist propaganda and Francophobic opinion-making. Even the editor-in-chief of the actually quite reserved "Vossische Zeitung", Georg Bernhard, got carried away with an almost exuberant commentary in which he not only joined "from a fervent heart in the jubilation of the hymns of liberation", but also criticized the former "Poli-

<sup>1</sup> Franz Knipping, *Deutschland, Frankreich und das Ende der Locarno-Ära 1928-1931. Studien zur internationalen Politik in der Anfangsphase der Weltwirtschaftskrise*, Munich 1987, S. 141.

<sup>2</sup> Thus von Hoesch to the Foreign Office (AA) on June 26, 1930, in: *Akten zur deutschen auswärtigen Politik 1918-1945 (ADAP)*, Series B, 21 vols., edited by Peter Grupp et al., Göttingen 1966-1983, here Vol. XV: May 1 to September 30, 1930, No. 102, p. 243.

tics of understanding" as a "politics of liberation [...] and thus of immanent revision"<sup>3</sup>.

The Brüning cabinet, which had only been in office for three months and was still very keen to secure its own acceptance in an increasingly politically disenchanted society with a self-confident public image<sup>4</sup>, was careful not to intervene in a reassuring manner. On the contrary: as Foreign Minister Julius Curtius assured the Reichstag, the evacuation was by no means seen as "a gift, but the final execution of an act of justice"<sup>5</sup>. And when former separatists and German employees of occupying forces became victims of acts of violence during riots, he believed that at most a few "traitors"<sup>6</sup> were affected. Concerns and warnings from the official side not to pour oil on the fire unnecessarily in this situation<sup>7</sup> were ignored. Instead, Reich President Paul von Hindenburg, in agreement with the government, had the specially organized reunification celebrations turned into pathetic triumphal rallies, without any consideration for the sensitive French public<sup>8</sup>.

The fact that the willingness to continue the policy of Franco-German understanding had noticeably declined in Berlin had long been indicated at other points, such as the breakdown of negotiations on the reincorporation of the Saar region<sup>9</sup>. In the late summer of 1930, the turning point towards a con

<sup>3</sup> Georg Bernhard, *Die Befreiung*, in: *Vossische Zeitung* of July 1, 1930.

<sup>4</sup> Cf. the exemplary demand by the Minister for the Occupied Territories, Gottfried Treviranus, that all members of the government must take special account of the "psychological situation [...] of the German people [...] if the radical currents among the people are not to be given new nourishment". This was particularly true in the field of foreign policy: "Under no circumstances should Germany allow itself to be brought back onto a defensive line; instead, it must pursue an active policy." Treviranus' letter to the AA dated June 24, 1930, in: *Files of the Reich Chancellery. Weimar Republic. Die Kabinette Brüning I und II (AdR Brüning)*, edited by Tilman Koops, 3 vols., Boppard am Rhein 1982-1990, here vol. 1: March 30, 1930 to February 28, 1931, no. 55, p. 235, or the ministerial meeting of

5. 7. 1930, in: *Ebenda*, No. 65, p. 266.

<sup>5</sup> The speech of June 25, 1930 can be found in: *Stenographische Berichte der Verhandlungen des Reichstages*, vol. 428, Berlin 1930, the quotation on p. 5815 B-C.

<sup>6</sup> Curtius according to his own note of July 7, 1930 to the French ambassador, in: *ADAP, Series B, Vol. XV, No. 125*, p. 304.

<sup>7</sup> On April 25, 1930, for example, the Paris embassy councillor Kurt Heinrich Rieth feared the negative consequences of offensive nationalist revisionist rhetoric. His letter can be found in the holdings of the Political Archive of the Federal Foreign Office (in future: PA/AA), R 28250k.

<sup>8</sup> Von Hoesch aptly analyzed the situation shortly afterwards: "While we regard the evacuation of the Rhineland as an act of justice bought at great cost and granted far too late, and easily forget how infinitely far we were from regaining freedom on the Rhine just a few years ago, the surrender of the left bank of the Rhine is a tremendous, almost incomprehensible act of concession for the French." Von Hoesch to AA of July 25, 1930, in: *ADAP, Series B, Vol. XV, No. 160*, p. 385.

<sup>9</sup> The new German government has shown itself to be a good partner for the new government. The government was skeptical about this issue from the outset. It was no longer believed that it would be possible to communicate agreements on the partnership-based use of the economically important mining region, which had been under a League of Nations mandate since the end of the war, to the public.

However, the more frontative form of foreign policy finally took on clearly recognizable contours<sup>10</sup>. With the change in personnel that had already taken place - after Gustav Stresemann's death in the autumn of 1929, his successor Curtius prepared a revamp in the Foreign Office, to which State Secretary Carl von Schubert, a key pillar of the Locarno system, immediately fell victim<sup>11</sup> - a new tone also found its way into German foreign policy<sup>12</sup>, which not only caused concern in Paris, but was also noticed by other powers. Just a few days before von Hoesch spoke to the French government, British diplomats had emphatically criticized Germany's behaviour and warned of future conflicts<sup>13</sup>.

However, the meeting on July 9, which lasted several hours, suddenly took a completely different direction. On the one hand, French Prime Minister André Tardieu, his Foreign Minister Aristide Briand and his State Secretary Philippe Berthelot somewhat surprisingly expressed their sincere understanding for the new German rhetoric, because they recognized the need for Chancellor Brüning to "take into account the mood of the German people", and on the other hand, they unexpectedly talked about money: As von Hoesch immediately telegraphed to Berlin, Tardieu pointed out that "at the moment about 25 billion francs of short-term credits were circulating in Germany, and expressed regret that these credits, without overall supervision and regulation by the governments of both sides, normally took their route via Switzerland and Holland, with the middlemen pocketing large profits, while France was reimbursed low interest and Germany had to pay high interest". Consequently, the French side correctly offered a "direct agreement between the governments, with the involvement of experts, on the direct granting of interest.

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Instead of signaling a willingness to reach an understanding that had long since become inopportune in domestic politics, the government preferred to wait for the referendum in 1935, as originally planned, and not be dissuaded from its new self-confident stance towards France until then. See the chief meeting of April 7, 1930, in: AdR Brüning, No. 10, pp. 21-23, or the ministerial meeting of July 2, 1930, in: Ebenda, No. 61, pp. 251 f.

<sup>10</sup> Cf. Ursula Büttner, Weimar. Die überforderte Republik 1918-1933. Leistung und Versagen in Staat, Gesellschaft, Wirtschaft und Kultur, Stuttgart 2008, p. 426 f.

<sup>11</sup> According to Andreas Rödder, Stresemanns Erbe: Julius Curtius und die deutsche Außenpolitik 1929-1931, Paderborn et al. 1996, p. 80, the reshuffle was more a kind of "routine matter". A conscious change of direction, on the other hand, for which "Schubert as the last bulwark of Locarno policy [...] was no longer sustainable" and who "buried Weimar foreign policy in the true sense", diagnoses Peter Krüger, Struktur, Organisation und außenpolitische Wirkungsmöglichkeiten der leitenden Beamten des Auswärtigen Dienstes 1921-1933, in: Klaus Schwabe (ed.), Das diplomatische Korps 1871-1945, Boppard am Rhein 1985, pp. 101-169, here pp. 158-160.

<sup>12</sup> As a matter of course, the new State Secretary Bernhard von Bülow noted that discussions with French diplomats could now take on "a certain sharpness". Record of July 15, 1930, in: ADAP, Series B, Vol. XV, No. 139, p. 336.

<sup>13</sup> Cf. Eilert Lohe, Der Bruch der großen Koalition und die Anfänge der Regierung Brüning im Urteil englischer Diplomaten, Berlin 1961, pp. 40-46.

of such short-term loans from French banks to German financial institutions"<sup>14</sup>.

There had been speculation for some time about such a financial injection from the French capital market, which had been quite strong again since the mid-1920s at the latest, for the rather poorly positioned German market. "Abundance of capital in France - lack of capital in Germany: the idea comes naturally"<sup>15</sup> was one of the headlines in the press. And von Hoesch, too, had already dealt with the subject in detail. Almost a year to the day before the talks in Paris, he analyzed the general state of the French money market in a memorandum and discussed the option of using free funds for the German economy, which was in need of capital. The ambassador noted that "an abundance of money has appeared in France", which "gives the impression that France is once again [...] in a position to become the main lender for a large number of countries". Soon, Paris would "undoubtedly endeavor, as before the war, to channel the French funds that were not necessary for internal French use into channels that could serve to promote French foreign policy". It had to be assumed that the major banks would only act "in agreement with the French government"; their attitude was therefore "of decisive importance"<sup>16</sup>.

In this respect, von Hoesch was probably not necessarily surprised by Tardieu and Briand's idea, but by the timing of the offer. After the irritations and upsets of the previous weeks, nobody could have seriously expected the French government to signal its general willingness to negotiate with Berlin now of all times - just at a moment when, in the words of Brüning, the German population was characterized by "considerable annoyance and [...] hatred of French policy"<sup>17</sup>. In retrospect, the Paris initiative can probably be understood above all as a commitment to continuing the course of détente, which - also in its own interests - was obviously believed to be able to avert the division of Europe or at least significantly mitigate it<sup>18</sup>. In the words of von Hoesch, Germany and France were "all the more committed" to this "positive policy", even in difficult situations, as both countries "represented the core of contemporary Europe"<sup>19</sup>. On the one hand, the intention to settle bilateral tensions was certainly a kind of counter-proposal to the chauvinistic spirit of the times, but on the other hand it also expressed the hope of finding a solution to the problem with considered negotiations.

<sup>14</sup> From Hoesch to AA dated July 9, 1930, in: ADAP, Series B, Vol. XV, No. 129, citations p. 314 and p. 313.

<sup>15</sup> So in the *Frankfurter Zeitung* of March 5, 1930, p. 3.

<sup>16</sup> From Hoesch to AA dated July 12, 1929, in: PA/AA, R 87668.

<sup>17</sup> Heinrich Brüning, *Memoirs 1918-1934*, Stuttgart 1970, p. 170.

<sup>18</sup> For a fundamental discussion of the French stance with a focus on Briand, see Jacques Bariéty, *Aristide Briand et la sécurité de la France en Europe, 1919-1932*, in: Stephen A. Schuker (ed.), *Deutschland und Frankreich. From Conflict to Reconciliation. Die Gestaltung der westeuropäischen Sicherheit 1914-1963*, Munich 2000, pp. 117-134.

<sup>19</sup> From Hoesch to AA dated July 9, 1930, in: ADAP, Series B, Vol. XV, No. 129, p. 312.

<sup>20</sup>The Parisian policy of *détente*, which under Briand had always made use of economic means when this promised to benefit the ideas of its own *sécurité*<sup>21</sup>. The policy of *détente* in Paris, which under Briand had always made use of economic means when this promised to benefit the ideas of its own *sécurité*<sup>22</sup>, thus took refuge in an increased commitment to its previous essential principles<sup>23</sup>. Instead of taking a step back, they went one step further and reaffirmed the policy of *rapprochement franco-allemande* according to the motto "Now more than ever"<sup>24</sup>.

Berlin reacted to this "reflex of understanding policy"<sup>25</sup> with conspicuous disinterest. It was not until a month later that Hoesch replied that its own experts considered the figures quoted in Paris to be "far too high" and that "a sudden increase in French short-term loans would not be desirable"<sup>26</sup>. The German position was characterized by a reserve that had already been shown towards other French negotiation offers, regardless of whether it was about a common economic policy or securing a lasting European peace<sup>27</sup>. Even Briand's appeal that Franco-German *rapprochement* was "now more than ever a

<sup>20</sup> On the perception of Brüning on the left bank of the Rhine, see now Franziska Brüning, Frankreich und Heinrich Brüning. A German chancellor in the French perception, Stuttgart 2012.

<sup>21</sup> Cf. Bruce Kent, The Spoils of War. The Politics, Economics, and Diplomacy of Reparations 1918-1932, Oxford 1989, p. 333 f.

<sup>22</sup> Cf. Robert Boyce, Aristide Briand: Defending the Republic through economic appeasement, in: Histoire@Politique 16 (2012), www.histoire-politique.fr [11. 4. 2014].

<sup>23</sup> Of course, these were no longer uncontroversial in domestic politics. In a confidential conversation in the late summer of 1930, Briand repeatedly emphasized "how extraordinarily difficult his work [...] had been" as a result of the German attitude in recent months. Hoesch's report from September 4, 1930 can be found in the holdings of the Federal Archives (henceforth: BArch), R 43-I/67. Tardieu also repeatedly emphasized how difficult it had become for the French policy of understanding to find a parliamentary majority; see von Hoesch to AA from October 25, 1930, in: ADAP, Series B, Vol. XVI: October 1, 1930 to February 28, 1931, No. 22, S. 48-50.

<sup>24</sup> Briand assured von Hoesch that he was "more convinced than ever [...] of the correctness of his policy". "Certainly his situation was difficult at the moment and the opposition to him was considerable. But this determined him to hold on to his convictions and goals even more tenaciously. [...] Above all, [...] the continuation of the policy of unification with Germany was close to his heart and he intended to continue along this path, convinced that he was on the right track." So von Hoesch to AA on August 4, 1930, in: BArch, R 43-I/67.

<sup>25</sup> Cf. Knipping, End of the Locarno Era, p. 168 f.

<sup>26</sup> State Secretary von Bülow to von Hoesch dated August 7, 1930, in: ADAP, Series B, Vol. XV, No. 172, citations p. 433 and p. 434.

<sup>27</sup> Both the request "whether it would not be possible to resume the previously planned joint work of German and French economic and financial circles [...]" and Briand's suggestion of a "permanent peace organization, supported by the four great powers England, France, Germany and Italy" were met with reticence or even ignored. See the unsigned note of May 15, 1930, in: ADAP, Series B, Vol. XV, No. 27, p. 68 f. The trade policy offers of the French minister Pierre-Étienne Flandin were also ignored; cf. von Hoesch to AA of June 14, 1930, in: ADAP, Series B, Vol. XV, No. 82.

imperative of sensible politics"<sup>28</sup>, apparently fizzled out unheard in Berlin. Neither the Foreign Office, nor the responsible minister, nor the Chancellor could be persuaded to make an unconditionally positive commitment to Franco-German relations, let alone a genuine signal of willingness to negotiate, despite the repeated and committed pleas of their ambassador. French financial aid during the global economic crisis, it seems, fell victim to the "agony of the politics of understanding" that Peter Krüger diagnosed with the transition to the presidential system. "International ties and obligations" were to be replaced by "an unrestrained, unilateral policy of a free hand"<sup>29</sup>.

This makes some arguments all the more surprising, not least in light of the recent banking and financial crisis since 2008, which seem to aim to rehabilitate Heinrich Brüning's economic and budgetary policy to a certain extent. After decades of debates on the fundamental historical assessment of Chancellor Brüning<sup>30</sup>, a critical line initially prevailed, which at least wanted to give greater weight to the negative consequences of the austerity and isolation policy than to possible situational considerations or practical constraints<sup>31</sup>, the historian and economist Marc Hansmann, for example, has now suggested in various articles that Brüning

"[i]n contrast to today's government [...] had immense difficulties" in "obtaining loans" at all<sup>32</sup>. Accordingly, there was simply no possibility for a policy of state-driven economic stimulus at the time. Strict austerity policies were the only remaining alternative. In view of the "recent difficulties in Greece", according to Hansmann's latest book, it should finally be "more clearly understood that Brüning was really in a 'predicament' because the public sector could no longer obtain loans. In this respect, balancing the budget, i.e. not taking on new debt, was the only remaining option."<sup>33</sup>

<sup>28</sup> From Hoesch to AA dated March 22, 1930, in: ADAP, Series B, Vol. XIV: January 1 to April 30, 1930, No. 170, p. 400.

<sup>29</sup> Peter Krüger, Versailles. German Foreign Policy between Revisionism and Peacekeeping, Munich 1986, p. 156 and p. 162.

<sup>30</sup> Eberhard Kolb, Die Weimarer Republik, Munich, attempts to provide a general overview of this <sup>6</sup>2002, S. 229-237.

<sup>31</sup> Büttner, Weimar, p. 461, for example, speaks of "irresponsibility", while Hans-Ulrich Wehler, Deutsche Gesellschaftsgeschichte, 5 vols., Munich 1987-2008, here vol. 4: Vom Beginn des Ersten Weltkriegs bis zur Gründung der beiden deutschen Staaten 1914-1949, p. 516, speaks of a "Brüning run amok". In this respect, he is often enough mentioned today as a bad example, e.g. in Paul Krugman, That '30s Feeling, in: The New York Times vom 18. 6. 2010, and Steve Forbes, Angela Merkel, Meet Heinrich Brüning, in: Forbes Magazine from 19. 12. 2011, as well as Joschka Fischer, Das europäische Haus steht in Flammen, in: Süd- deutsche Zeitung from 4. 6. 2012.

<sup>32</sup> Marc Hansmann, Paths to the debt state. The structural problems of German fiscal policy as a result of historical developments, in: VfZ 55 (2007), pp. 425-461, here S. 427.

<sup>33</sup> Marc Hansmann, Before the third national bankruptcy? The German debt state in historical and international perspective, Munich 2012, p. 45.

As obviously wrong as this assessment of German policy is against the backdrop of the French credit offer and as fatal as the impression created here would be that Brüning's course was "without alternative" and therefore "was tragic in a real sense"<sup>34</sup>, Hansmann's line of argument makes it clear that, despite extensive discussion, Brüning's fundamental political convictions and plans are still sometimes fundamentally misunderstood or misinterpreted, especially when it comes to financial policy. The fact that the German Reich had the opportunity to obtain loans in the summer of 1930 and rejected this opportunity had less to do with predicaments than with tactics.

### Primacy of revisionism?

Of course, the historiography of the Weimar Republic - unlike Hansmann - did take note of the French loan offers and repeatedly tried to find sufficient reasons for the Reich government's rejection. The documents from the Reich Chancellery and the Foreign Office were generally interpreted in such a way that the Brüning cabinet, in view of its general foreign policy orientation and the general German mood, wanted to keep the further revision of the Versailles Peace Treaty open at all costs. Particularly with a view to the public, it was therefore considered "difficult to implement a link to the French capital market"<sup>35</sup>. In addition, it was feared that France expected political guarantees in return for its neighborly commitment, such as a German commitment to understanding or even the renunciation of further steps in revision policy<sup>36</sup>. However, the Reich government did not want to and could not give up the goal of revision<sup>37</sup>, which is why Brüning had avoided the Paris loan offers.

This at first glance conclusive approach to the question of why the German government initially did not respond at all to the loan offer in July 1930, despite its glaring budget problems, and then largely rejected it, was based primarily on the letter from the new State Secretary of the Foreign Office to von Hoesch. Bernhard von Bülow wrote to the ambassador on August 7 that Berlin wanted to avoid the inevitable "cardinal problem of long-term financial interdependence"<sup>38</sup> - i.e. greater German dependence on France - at all costs in order not to jeopardize its own revision policy. Von Bülow warned of a general "political uncertainty of French loans", which Germany had to avoid. There was therefore

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<sup>34</sup> Gustav Seibt, *Bluten müssen immer die anderen*, in: *Süddeutsche Zeitung* vom 22. 5. 2012, the latest book by Hansmann.

<sup>35</sup> Philipp Heyde, *Das Ende der Reparationen. Germany, France and the Young Plan 1929-1932*, Paderborn et al. 1998, p. 135.

<sup>36</sup> See Hermann Graml, *Zwischen Stresemann und Hitler. Die Außenpolitik der Präsidialkabinette Brüning, Papen und Schleicher*, Munich 2001, p. 82 f.

<sup>37</sup> Cf. Rödder, *Stresemann's Legacy*, p. 127 f.

<sup>38</sup> Knipping, *End of the Locarno Era*, p. 174.



initially "no actual need"<sup>39</sup> for short-term bonds as proposed by Paris.

This reticence on the part of Berlin and the rejection of the offers with reference to the unfulfillability of expected French demands fitted in as arguments with the historiographical tradition, which stated a primacy of foreign and reparations policy for the Brüning government<sup>40</sup>. As a rule, a basic conceptual orientation was established here with the aim of solving the reparations problem, which had been the starting point for all considerations and all government work<sup>41</sup>. Since the abolition of reparations had been Brüning's top priority from the outset, every other issue was inevitably first examined for compatibility and dealt with accordingly. Because the first presidential government had taken office on the premise of overcoming Germany's payment obligations, it had to prevent new dependencies at all costs. It was probably argued that Brüning's primary goal was to work towards the end of the Young Plan in accordance with his revisionist views. However, his aim was nothing less than to blow up the Versailles peace order as a whole<sup>42</sup>. Accordingly, some historians believed that Brüning had geared his entire political work as Reich Chancellor solely towards this<sup>43</sup>.

Although such far-reaching assumptions have found considerable resonance until recently<sup>44</sup>, they appear at least questionable in view of the political realities and framework conditions. The fact that the budget expert

<sup>39</sup> Von Bülow to von Hoesch dated August 7, 1930, in: ADAP, Series B, Vol. XV, No. 172, p. 434.

<sup>40</sup> Cf. already Werner Conze, *Die Regierung Brüning*, in: Ferdinand A. Hermens/Theodor Schieder (eds.), *Staat, Wirtschaft und Politik in der Weimarer Republik*, Berlin 1967, pp. 233-248, esp. p. 241.

<sup>41</sup> Cf. Wolfgang J. Helbich, *Die Reparationen in der Ära Brüning. Zur Bedeutung des Young-Plans für die deutsche Politik 1930 bis 1932*, Berlin 1962.

<sup>42</sup> Detlev J. K. Peukert, *Die Weimarer Republik. Krisenjahre der Klassischen Moderne*, Frankfurt a. M. 1987, p. 254 f.

<sup>43</sup> Cf. Winfried Glashagen, *Die Reparationspolitik Heinrich Brünings 1930-31. Studien zum wirtschafts- und außenpolitischen Entscheidungsprozeß in der Auflösungsphase der Weimarer Republik*, 2 vols., Bonn 1980.

<sup>44</sup> See, among others, Kolb, *Die Weimarer Republik*, p. 236. Of course, there were also opposing positions early on: For example, Winfried Gosmann, *Die Stellung der Reparationsfrage in der Außenpolitik der Kabinette Brüning*, in: Josef Becker/Klaus Hildebrand (eds.), *Internationale Beziehungen in der Weltwirtschaftskrise 1929-1933*, Munich 1980, pp. 237-263, explicitly took a stand against the unstated "primacy of reparations policy" because Brüning's various foreign policy goals were too far apart to fit into a real concept. In contrast, Gerd Meyer, *Die Reparationspolitik. Ihre außen- und innenpolitischen Rückwirkungen*, in: Karl Dietrich Bracher/Manfred Funke/Hans-Adolf Jacobson (eds.), *Die Weimarer Republik 1918-1933. Politik - Wirtschaft - Gesellschaft*, Bonn<sup>2</sup> 1988, p. 327-342, here p. 341 f., states that Brüning did not find a truly coherent tactic for working towards the end of reparations until the summer of 1931. Horst Sanmann, *Daten und Alternativen der deutschen Wirtschafts- und Finanzpolitik in der Ära Brüning*, in: *Ham-burger Jahrbuch für Wirtschafts- und Gesellschaftspolitik* 10 (1965), pp. 109-140, esp. p. 122, again believed that the September 1930 election with the large increase in votes of the



The fact that the leader of the Center Party became the new chancellor after the fall of Hermann Müller (SPD) was not the result of a particular foreign policy constellation in which a shift in emphasis towards a revisionist reparations policy would have been particularly appropriate. Nor was the change of government directly related to Brüning's obvious plans to place the abolition of reparations at the center of the political agenda. On the contrary: considering the nature and development of Brüning's political profile, the apparent demands of the time and, as far as possible, the intentions of the key decision-makers, his appointment seems to have been made for domestic political reasons.

### **Brüning - Chancellor of a domestic political turning point**

Not only Reich President Paul von Hindenburg, but also large sections of industry and the Reichswehr initially wanted to bring about a solution to what they saw as a "chronic parliamentary crisis"<sup>45</sup> in the spring of 1930. The Grand Coalition under Müller, which had tried in vain to settle internal conflicts since taking office in 1928, did not only "show the weakness of Weimar parliamentarianism in a harsh light" when it was dissolved over comparatively minor differences of opinion on unemployment insurance<sup>46</sup>. For a long time, the population had been convinced that the Reichstag, apostrophized by Hitler as a "nonsense house", would not overcome the incompatibility of various party interests, but would actually make it worse<sup>47</sup>. In this respect, the entire political system of the republic fell into an ever-increasing "crisis of legitimacy"<sup>48</sup>. After Müller's resignation, the media landscape was logically saying: "The time for experiments and half measures is over. There is a deep longing for leadership and authority among the people. [...] It must finally be governed well, it must finally be governed at all."<sup>49</sup>

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NSDAP had been the decisive turning point that brought the reparations issue to the forefront for Brüning.

<sup>45</sup> Hans Mommsen, Government without parties. Konservative Pläne zum Verfassungsumbau am Ende der Weimarer Republik, in: Heinrich August Winkler (ed.), Die Deutsche Staatskrise 1930-1933. Handlungsspielräume und Alternativen, Munich 1992, pp. 1-18, here p. 2.

<sup>46</sup> Büttner, Weimar, p. 384.

<sup>47</sup> Cf. still Michael Stürmer, Koalitionen und Oppositionen: Bedingungen parlamentarischer Instabilität, in: Ders. (ed.), Die Weimarer Republik. Besiegte Civitas, Königstein im Taunus 1980, pp. 237-253.

<sup>48</sup> Karl Dietrich Bracher, Demokratie und Machtvakuum: Zum Problem des Parteienstaats in der Auflösung der Weimarer Republik, in: Karl Dietrich Erdmann/Hagen Schulze (eds.), Weimar. Selbstpreisgabe einer Demokratie. Eine Bilanz heute, Düsseldorf 1980, pp. 109-134, here p. 134.

<sup>49</sup> Thus in the Deutsche Allgemeine Zeitung of March 31, 1930, quoted in Fritz Klein, Zur Vorbereitung der faschistischen Diktatur durch die deutsche Großbourgeoisie 1929-1933, in: Gott-hard Jasper (ed.), Von Weimar zu Hitler 1930-1933, Cologne/Berlin 1968, pp. 124-155, here S. 137.

In order to achieve this goal, the relevant circles and not least Hindenburg himself<sup>50</sup> were now willing to make a fundamental political shift to the right, to end the cooperation with social democracy, which was perceived as troublesome, and instead to form a purely bourgeois cabinet without any supposedly disruptive democratic dependencies - a cabinet that would be endowed with real decision-making powers and put an end to the fruitless Reichstag debates and government crises. In this respect, the March 30, 1930, when Brüning formed the 17th cabinet in the twelfth year of the Republic, was in fact also the milestone of an "authoritarian-antiparliamentary reform"<sup>51</sup>, a conservative to reactionary attempt to get a grip on the internal political problems of the German Reich - regardless of the question of how far the constitution would have to be bent or broken to achieve this<sup>52</sup>.

This emergency situation had been manifesting itself for some time, particularly in the downright catastrophic budget situation. Even though the phrase "the Golden Twenties" had a lasting impact on the public perception of the Weimar Republic<sup>53</sup>, it has long been undisputed that there was no real recovery or stabilization phase after 1924<sup>54</sup>. Germany's overall economic situation - like the general situation in Europe<sup>55</sup> - was already extremely tense long before the outbreak of the global economic crisis<sup>56</sup>. The debate about Weimar's fundamental economic constitution, which was largely initiated by Knut Borchardt, has, for all its sub

<sup>50</sup> The massive influence of the Reich President on changes of government and future policy is emphasized in particular by Wolfram Pyta, *Hindenburg. Herrschaft zwischen Hohenzollern und Hitler*, Munich 2007, ch. 22 f.

<sup>51</sup> Karl Dietrich Bracher, Brüning's apolitical policy and the dissolution of the Weimar Republic, in: VfZ 19 (1971), pp. 113-123, here p. 119.

<sup>52</sup> A constitutional discussion is attempted by Ernst Rudolf Huber, *Deutsche Verfassungsgeschichte seit 1789*, 8 vols., Stuttgart et al. 1957-1991, here vol. 7, § 48.

<sup>53</sup> In his memoirs, Theodor Heuss pointed out with dismay the later spread of this legend of the economic boom and social prosperity of the Weimar Republic, which had been up to no good since the early years of the FRG. Instead, entire sections of society had lived in economic and social hardship. Cf. Theodor Heuss, *Erinnerungen 1905-1933*, Tübingen<sup>3</sup> 1963, p. 348.

<sup>54</sup> Had, for example, Helmut Heiber, *Die Republik von Weimar*, Munich<sup>22</sup> 1996 [1966], p. 152, to: After what was initially seen as a "few years of recovery", Heinrich August Winkler, *Weimar 1918-1933. Die Geschichte der ersten deutschen Demokratie*, Munich<sup>2</sup> 1994, p. 244, spoke only of "precarious stabilization". Henning Köhler, *Deutschland auf dem Weg zu sich selbst. Eine Jahrhundertgeschichte*, Stuttgart/Leipzig 2002, p. 207, even concluded that the Weimar Republic was always "far from being stable."

<sup>55</sup> Cf. Robert Boyce, *The Great Interwar Crisis and the Collapse of Globalization*, Ba-Singstoke/New York 2009.

<sup>56</sup> On German economic development in the 1920s and 1930s, see Harold James, *The German Slump. Politics and Economics 1924-1936*, Oxford 1986. For a more concise overview, see Theo Balderston, *Economics and Politics in the Weimar Republic*, Cambridge et al. 2002.

The different points of view<sup>57</sup> show that politics in the 1920s had by no means succeeded in changing the structural determinants for the better<sup>58</sup>. Even if such a "crisis before the crisis" certainly did not codify developments up to 1933<sup>59</sup>, the main trends were unmistakable and their political and social consequences were extremely worrying<sup>60</sup>. For example, since the de facto state bankruptcy in 1923, the constantly significantly high level of unemployment<sup>61</sup> in conjunction with socially precarious phenomena such as short-term and seasonal work had inevitably triggered political alienation processes, which over time developed into a veritable disenchantment with the state<sup>62</sup>. Long before the rise of the NSDAP, these unfavorable conditions undermined the stability of the political system to such an extent that its inability to act further exacerbated the economic situation<sup>63</sup>.

In order to put an end to this predominantly "internally caused"<sup>64</sup>, quasi double state crisis of financial and economic policy as well as parliamentary impotence, a strong domestic politician was sought first and foremost in the spring of 1930; and this is precisely what decisive circles had already seen for some time in Brüning<sup>65</sup>. The fact that he had been able to present himself as a supposedly strong man in the controversial disputes over the ratification of the Young Plan and the corresponding budget program - after all, it was his juntim to combine both issues in the sense of a large-scale consolidation policy for the Reichstag's approval - had accordingly little effect.

<sup>57</sup> The arguments of the controversy can be found in: Jürgen Baron von Krüedener (ed.), *Economic Crisis and Political Collapse. The Weimar Republic 1924-1933*, New York/Oxford/Munich 1990.

<sup>58</sup> Cf. above all Knut Borchardt, *Economic Causes of the Failure of the Weimar Republic*, in: Erdmann/Schulze (eds.), *Weimar*, pp. 211-249.

<sup>59</sup> Cf. exemplary for the camp of Borchardt's opponents Henning Köhler, Knut Borchardt's "Revision of the traditional historical picture" of economic policy in the Great Crisis - A forced conception?, in: *Internationale wissenschaftliche Korrespondenz zur Geschichte der deutschen Arbeiterbewegung* 19 (1983), pp. 164-180.

<sup>60</sup> The connection between economic problems and social conflicts is also emphasized by Eric D. Weitz, *Weimar Germany. Promise and Tragedy*, Princeton/ Oxford 2007, ch. 4.

<sup>61</sup> See Dietmar Petzina, *Arbeitslosigkeit in der Weimarer Republik*, in: Werner Abelshauser (ed.), *Die Weimarer Republik als Wohlfahrtsstaat. Zum Verhältnis von Wirtschafts- und Sozialpolitik in der Industriegesellschaft*, Stuttgart 1987, pp. 239-259.

<sup>62</sup> Cf. Dick Geary, *Arbeitslosigkeit und deutsche Demokratie 1929-1933*, in: Dietrich Papenfuß/Wolfgang Schieder (eds.), *Deutsche Umbrüche im 20. Jahrhundert*, Cologne/Weimar/Vienna 2000, pp. 207-218.

<sup>63</sup> Cf. Knut Borchardt, *Zwangslagen und Handlungsspielräume in der großen Wirtschaftskrise der frühen dreißiger Jahre. On the revision of the traditional view of history*, in: Stürmer (ed.), *Die Weimarer Republik*, pp. 318-339.

<sup>64</sup> Gerhard Schulz, *Bemerkungen zur Wegscheide zwischen parlamentarischer und autoritärer Entwicklung in der Geschichte der Weimarer Republik*, in: Winkler (ed.), *Die Deutsche Staatskrise 1930-1933*, pp. 39-47, here p. 40.

<sup>65</sup> Cf. William J. Patch jr, *Heinrich Brüning and the Dissolution of the Weimar Republic*, Cambridge 1998, p. 66.

This had less to do with Brüning's special foreign policy expertise than with his domestic political stature and the now growing awareness of the need for far-reaching budget reforms in Germany.

There was a consensus among the most important German interest groups that the adoption of the Young Plan would require a change in domestic policy, the strengthening of the economy and the consolidation of the Reich's finances, as Brüning had demanded in the Reichstag on February 11, 1930<sup>66</sup>. Accordingly, it was not only Hindenburg who had wanted to commit Brüning's predecessor to the "most urgent task" of "putting the finances of the Reich [...] in order"<sup>67</sup>. The industrial lobby also demanded that now was "the decisive time" to "align state economic, financial and social policy uniformly and consistently with increasing the productivity of our overall economy". In order to correct previous shortcomings, the new debt plan had to be implemented as "an indivisible whole [...] in the combination of foreign policy and foreign economic components with its internal economic requirements and conditions"<sup>68</sup>. Reichsbank President Hjalmar Schacht also urged a thorough reorganization of the situation. He considered an immediate and comprehensive restructuring of the budget, including the chronically underfunded social security system, to be indispensable. He believed that it might even be necessary to consider a constitutional reform to finally clarify the financial equalization between the Reich and the federal states<sup>69</sup>.

In view of such demands and expectations, what could be more obvious than to appoint a financial expert to head the new government, whose integrity could not be in reasonable doubt in the eyes of the "masterminds" of the first presidential cabinet? Child of the German Empire, tradition-conscious world view, front-line officer, experienced bureaucrat, long-time politician with a national flavor<sup>70</sup>. Perhaps this Brüning, who in addition to his financial expertise obviously enjoyed the backing of his party, was now in a position to pursue a targeted policy against all internal and external opposition. "It was therefore immediately clear to the political public," it was later reported, "that the government crisis that had broken out was only

<sup>66</sup> Stenographische Berichte der Verhandlungen des Reichstages, vol. 426, Berlin 1930, p. 3931 A: Brüning believed that "the understanding of the entire policy of this government, including foreign policy, will also be much stronger among the German people and the opposition - including the extreme opposition - can be countered much more successfully if the government approaches the restructuring of the entire public financial situation [...] with determination and immediately".

<sup>67</sup> Hindenburg to Chancellor Müller dated March 13, 1930, in: Akten der Reichskanzlei. Weimar Republik. Das Kabinett Müller II 1928-1930 (henceforth: AdR Müller II), edited by Martin Vogt, 2 vols., Boppard am Rhein 1970, no. 474, p. 1568 f.

<sup>68</sup> Deutscher Industrie- und Handelstag to Müller of July 1, 1929, in: CoR Müller II, no. 238, p. 785 and p. 787.

<sup>69</sup> Cf. Schacht's report on the Young Plan talks in Paris on March 12, 1929, in: CoR Müller II, no. 152.

<sup>70</sup> On Brüning's career, see above all Herbert Hömig, Brüning - Kanzler in der Krise der Republik. A Weimar Biography, Paderborn et al. 2000.

could be solved by appointing [...] Brüning as Reich Chancellor"<sup>71</sup>. In fact, he perhaps appeared to be the best solution that all those involved "could ever find in the given situation"<sup>72</sup>.

### **Brüning's chancellorship - strategic concept or crisis management?**

In retrospect, Brüning himself tried to surround his term of office, which lasted just over two years, with the aura of a grand design. Just as he had claimed in his first government declaration on 1 April 1930 that he wanted to immediately tackle "the tasks that were generally considered vital for the Reich"<sup>73</sup> with the help of a "broadly conceived, step-by-step overall program", his memoirs, published posthumously in 1970 to great public acclaim, condensed the Chancellor's policies into a thoroughly thought-out, almost strategic concept that "should have ended in a monarchical restoration according to [his] personal wishes". The fact that Hindenburg had entrusted him with the implementation of this grand plan in 1930 in the face of a national and economic crisis was due to the fact that there were hardly any politicians besides him in the interwar period "who were in a position to grasp the whole complex of issues and come to decisions that were coordinated in terms of time and substance"<sup>74</sup>.

It was not least this kind of self-confidence, which at times unmistakably bore traits of overestimation<sup>75</sup>, that led researchers to doubt the truthfulness of Brüning's memoirs<sup>76</sup>. It was concluded that the overemphasis on an allegedly conceptually coherent government action that followed the broad lines was more of a "retrospective representation" that was "obviously intended to serve a self-stylization" in order to "erect a monument to himself as a conservative statesman with far-reaching perspectives"<sup>77</sup>. In reality, however, in view of the diverse

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<sup>71</sup> This was the later assessment of Brüning's State Secretary Hermann Pünder, *Zusammenarbeit mit Heinrich Brüning in der Reichskanzlei 1930-1932*, in: Hermens/Schieder (eds.), *Staat, Wirtschaft und Politik*, pp. 311-316, here p. 312.

<sup>72</sup> Wilhelm Treue, *Der deutsche Unternehmer in der Weltwirtschaftskrise 1928-1933*, in: Werner Conze/Hans Raupach (eds.), *Die Staats- und Wirtschaftskrise des Deutschen Reichs 1929/33*, Stuttgart 1967, pp. 82-125, here p. 111.

<sup>73</sup> *Stenographische Berichte der Verhandlungen des Reichstages*, vol. 427, Berlin 1930, the citations on p. 4729 B and p. 4728 B.

<sup>74</sup> Brüning, *Memoirs*, p. 194 and p. 103.

<sup>75</sup> Cf. Peer Oliver Volkmann, *Heinrich Brüning (1885-1970). Nationalist without a homeland. A partial biography*, Düsseldorf 2007, p. 85 f.

<sup>76</sup> Cf. Rudolf Morsey, *Zur Entstehung, Authentizität und Kritik von Brünings "Memoiren 1918-1934"*, Opladen 1975, and Frank Müller, *Die "Brüning Papers". Der letzte Zentrumskanzler im Spiegel seiner Selbstzeugnisse*, Frankfurt a. M. u. a. 1993, pp. 123-161.

<sup>77</sup> Heinrich August Winkler, *Geschichte des Westens*, 3 vols., Munich 2009 ff., here vol. 2: *Die Zeit der Weltkriege 1914-1945*, p. 575.

In view of the current problems, it was actually inconceivable that Brüning could have pursued a "consistent long-term political strategy". Rather, it was argued, he had had to devise a "system of tactical substitutions" depending on the situation, in which "in some respects he was more a prisoner than the leader of events"<sup>78</sup>.

Such arguments, which ultimately led to the assumption that Brüning had inevitably done little more than "increasingly desperate crisis management" and that this crisis management was actually what was "specific to his policies"<sup>79</sup>, were generally accompanied by harsh criticism of the crisis-aggravating consequences of his chancellorship. However, in their emphasis on supposed predicaments, they also formed the framework for those positions that at the same time opposed the "somewhat appealing problem-solving optimism of a later generation". Of course, they said, the financial and economic policies of 1930/31 with their massive tax increases, drastic wage cuts and freezing of public spending had contributed significantly to the "catastrophic development of [...] conditions with the multiplication of the political and social protest potential that threatened the existence of the republic". However, these "measures to overcome the crisis [...]" would have corresponded to the prevailing doctrine of national economics<sup>80</sup>. "Without Brüning's overthrow by Hindenburg", economic historian Albrecht Ritschl also believes, "this strategy could well have been successful."<sup>81</sup>

At this point, it becomes clear that Hansmann's statements mentioned at the beginning are not necessarily new and are partly in line with those voices that still want to recognize a "politically and morally correct chancellor" in Brüning today and object that "precisely the reliability of a man of integrity and his commitment to realism" would have prevented an economically stimulating spending policy - with the best of intentions, of course, and because Brüning "did not know what Keynes taught"<sup>82</sup>.

However, such an assumption is absurd. John Maynard Keynes was a widely read and even more widely quoted author, especially in Germany, where he had become famous for his scathing criticism of the Treaty of Versailles.

<sup>78</sup> Hans Mommsen, Heinrich Brüning's Politics as Reich Chancellor: The Failure of a Political Unilateralism, in: Karl Holl (ed.), *Economic Crisis and Liberal Democracy. Das Ende der Weimarer Republik und die gegenwärtige Situation*, Göttingen 1978, pp. 16-45, here p. 18.

<sup>79</sup> Andreas Rödter, Reflections on the End of the Weimar Republic. The Presidential Cabinets 1930-1932/33: Crisis Management or Restoration Strategy?, in: *VfZ* 47 (1999), pp. 87-101, here p. 88 and p. 91.

<sup>80</sup> All quotes from Josef Becker, Heinrich Brüning und das Scheitern der konservativen Alternative, in: *Aus Politik und Zeitgeschichte* 22 (1980), pp. 3-17, here p. 11.

<sup>81</sup> Albrecht Ritschl, *Deutschlands Krise und Konjunktur 1924-1934. Domestic economy, foreign debt and the reparations problem between the Dawes Plan and the transfer embargo*, Berlin 2002, p. 179.

<sup>82</sup> Alexander Kluge, "How do I live with my debts?", in: *Literaturen* 106 (2012), p. 19.

ren<sup>83</sup>. In expert circles, which probably included Brüning, who had a doctorate in economics, it was considered a matter of course to receive his work<sup>84</sup>. During his chancellorship, Brüning was therefore confronted from the outset from various sides "with the quite popular slogan of strengthening mass purchasing power [...]"<sup>85</sup>. As early as the summer of 1930, critics of Germany's deflationary course to lower wage and price levels were able to invoke corresponding counter-theories<sup>86</sup>. In the course of 1931, employee associations in particular, but also parts of industry and the bureaucracy, moved away from what they saw as a fatal government policy with its crisis-aggravating austerity measures<sup>87</sup>.

In this respect, the later criticism of Brüning does not - as is often assumed - stem solely from retrospective know-it-all thinking, but has a contemporary equivalent<sup>88</sup>. It may be true that proposals to combat the crisis from the circle of economists at the time "confused rather than enlightened politicians"<sup>89</sup> in the "variety of contradictory recommendations", but Brüning in particular, as a financial expert, should have been in a position to consider alternatives to his policy, especially as there had already been discussions in Germany in the mid-1920s about whether and to what extent macroeconomic demand could be stimulated by fiscal policy while accepting government deficits<sup>90</sup>. Brüning not only accompanied these debates, he actively participated in them and took a clear position in that he always took a stance against a credit-supported spending policy and instead vigorously pushed for the "introduction of austerity measures throughout the public administration"<sup>91</sup> in the Reichstag as early as 1925/26. In his memoirs, he regarded the attempt at the time to introduce job creation measures with the help of a budget deficit as a clear "failure". He

<sup>83</sup> See Harald Hagemann, *Zur frühen Rezeption der General Theory durch deutschsprachige Wirtschaftswissenschaftler*, in: Ders./Gustav Horn/Hans-Jürgen Krupp (eds.), *Aus gesamtwirtschaftlicher Sicht*, Marburg 2008, pp. 71-104, esp. p. 74 f.

<sup>84</sup> Cf. Ursula Büttner, *Political alternatives to Brüning's deflationary course. A contribution to the discussion on "economic predicaments" in the final phase of Weimar*, in: *VfZ* 37 (1989), pp. 209-251, esp. pp. 222 f.

<sup>85</sup> Mommsen, *Heinrich Brüning's Politics as Chancellor of the Reich*, in: Holl (ed.), *Economic Crisis and Liberal Democracy*, p. 23.

<sup>86</sup> Cf. Hömig, *Brüning*, p. 278.

<sup>87</sup> See Hak-Il Kim, *Industrie, Staat und Wirtschaftspolitik. Die konjunkturpolitische Diskussion in der Endphase der Weimarer Republik 1930-1932/33*, Berlin 1997.

<sup>88</sup> See also Büttner, *Politische Alternativen zum Brüningschen Deflationskurs*, pp. 235-238.

<sup>89</sup> Knut Borchardt, *Wirtschaftspolitische Beratung in der Krise: Die Rolle der Wissenschaft*, in: Winkler (ed.), *Die Deutsche Staatskrise 1930-1933*, pp. 109-132, here p. 111.

<sup>90</sup> Cf. in detail Dieter Hertz-Eichenrode, *Wirtschaftskrise und Arbeitsbeschaffung. Konjunkturpolitik 1925/26 und die Grundlagen der Krisenpolitik Brünings*, Frankfurt a. M./New York 1982.

<sup>91</sup> Speech of March 8, 1926, in: *Stenographische Berichte der Verhandlungen des Reichstages*, vol. 389, Berlin 1926, p. 6048 B.



was one of the few sensible people "who recognized the danger of this policy"<sup>92</sup>

Against this background, it seems entirely appropriate not to evaluate Brüning in view of the lack of options or with reference to the particular exceptionality of the situation at the time. Rather than assuming from the outset that the limited scope for action in German economic policy categorically ruled out political alternatives<sup>93</sup>, and rather than depriving Brüning's policy of an assessment with regard to its real intentions as "system-immanent and fact-oriented crisis management"<sup>94</sup>, the maxims that Brüning himself established as a parliamentarian, chancellor and memoirist and advocated with regard to his own work should rather form the basis of the historical judgment. The French loan offers and Berlin's rejection of them make it particularly clear how much Brüning actually pursued a political concept during his time in office and that he did not turn down the Paris offer out of necessity, but out of conviction.

### **The incompatibility of the credit offers with Brüning's financial policy concept**

There was no shortage of dissenting voices. Just a few days after Brüning took office, there were calls from various quarters for all countries to finally join forces to combat the global dangers of an impending depression. Economists from the Swiss-based free-market movement in particular emphasized that "the current crisis in the global economy is a consequence of the shortage of money". Their advice to the European foreign ministers was therefore to "create an international agreement [...] as quickly as possible" to "stabilize purchasing power" by "regulating the supply of money to the various economies with this aim in mind"<sup>95</sup>. Even if the supporters of free enterprise at the time certainly did not represent an economic doctrine with majority support, it is nevertheless astonishing how many contemporary sources agree with the appeals from Berne, at least to the extent that they attribute the crisis to a "global crisis".

<sup>92</sup> Brüning, *Memoirs*, p. 118.

<sup>93</sup> Cf. Albrecht Ritschl, Knut Borchardt's Interpretation of the Weimar Economy. Zur Geschichte und Wirkung einer wirtschaftsgeschichtlichen Kontroverse, in: Jürgen Elvert/Susanne Krauß (eds.), *Historische Debatten und Kontroversen im 19. und 20. Jahrhundert*, Stuttgart 2001, pp. 234-244, here p. 244.

<sup>94</sup> Andreas Rödter, Fiction and Truth. The source value of Heinrich Brüning's memoirs and his chancellorship, in: *Historische Zeitschrift* 265 (1997), pp. 77-116, here p. 114.

<sup>95</sup> Letter from the International Secretariat of the Free Trade Movement dated April 12, 1930, in: PA/AA, R 117074.

lack of capital<sup>96</sup> and emphasized the need for international cooperation.

Foreign loans played an important role in this from the outset, as demonstrated not least by the submissions made by the German business and financial sector to the relevant authorities. For some time now, they have been explicitly campaigning for loans from abroad, even vehemently calling for them. While financial circles had repeatedly underlined their "keen interest in tapping the French money market"<sup>97</sup> for investments in Germany through various channels, industry and commerce made a strong case for French credit investments in the ailing German economy<sup>98</sup>. And in France, too, the lack of capital in its eastern neighbor had long given rise to considerations as to whether Paris, in view of its own capital reserves, should not counteract inflationary tendencies in Europe with a financial injection for Berlin, which would damage the stable franc in the medium term<sup>99</sup>, whose strength was considered by French decision-makers to be an essential power factor for their country<sup>100</sup>. Tardieu openly admitted that he was pushing for possible credit transactions with Germany primarily in order to prevent the threat of currency devaluation<sup>101</sup>. In this respect, German and French interests actually seemed to complement each other well.

Ambassador von Hoesch, who was aware of these connections, therefore not only campaigned for bilateral negotiations between the two countries, but also sought and sometimes even conducted them on his own authority<sup>102</sup>. His efforts were unsuccessful, however, because the German government and above all the Reich Chancellor had taken a different course. Even though Brüning was still explaining the "tense financial situation of the Reich" to the American press in July 1930, "which had caused the parliamentary battles of the last few months", he did not want to take any action despite the "necessity of the immediate reorganization of the financial situation".

<sup>96</sup> Report of the Munich Chamber of Industry and Commerce on the 1930 financial year, in: BArch, R 2/13375: "If one looks more closely at the contexts that have caused the emergence and extent of the current crisis, the effects of which are completely unprecedented in modern economic history, then the broadest public must be repeatedly made aware of the capital shortage prevailing in Germany as one of the main causes."

<sup>97</sup> From Hoesch to AA dated July 12, 1929, in: PA/AA, R 87668.

<sup>98</sup> Letter from the Managing Director of the Deutscher Industrie- und Handelstag to the Reich Ministry of Economics dated July 31, 1929, in: PA/AA, R 87668.

<sup>99</sup> See Kenneth Mouré, *Managing the Franc Poincaré. Economic Understanding and Political Constraint in French Monetary Policy 1928-1936*, Cambridge et al. 1991.

<sup>100</sup> Cf. in particular Robert Frank, *La hantise du déclin. Le rang de la France en Europe 1920-1960. Finances, défense et identité nationale*, Paris 1994, pp. 160-164.

<sup>101</sup> Cf. inter alia von Hoesch to AA of October 25, 1930, in: ADAP, Series B, Vol. XVI, No. 22.

<sup>102</sup> See, for example, von Hoesch to AA of 23. 10. 1930, in: Ebenda, No. 17, p. 38 and p. 39. Although he always emphasized from then on that he only wanted to act "in the spirit agreed in Berlin", he continued to vehemently advocate "the investment of long-term funds in Germany despite the current difficulties". This certainly caused displeasure in the Reich Chancellery. State Secretary Pünder wrote to Brüning rather disparagingly: "Mr. Ambassador's view is again quite significant." Note dated November 15, 1930, in: BArch, R 43-1/67.

nances in the empire, states and municipalities"<sup>103</sup> did not want to take advantage of any foreign financial aid. In view of the constant new budget shortfalls, this could have promised at least short-term relief and possibly formed a kind of buffer to somewhat cushion the upcoming consolidation measures with their necessary social cuts. However, such considerations played no role in Brüning's financial policy ideas. On the contrary: even if it had been possible to at least partially consolidate the German economy through loans from abroad, this would not have been in Brüning's interests.

The reconstruction of the Chancellor's fundamental views and convictions from contemporary sources shows first of all that Brüning was clearly aware of the "disruption of the money market" and the "decreased purchasing power"<sup>104</sup> in Germany from the very beginning of his political career. He repeatedly described both factors as fundamental problems for the country. Even in 1927, one of the Republic's somewhat calmer years, he considered the catastrophe of the Ruhr occupation of 1923 and its political-financial aftermath with hyperinflation and currency collapse<sup>105</sup> to be "still not overcome"<sup>106</sup>. He constantly emphasized "how precarious the overall situation of our finances [...] looks"<sup>107</sup> and became one of the main critics of Weimar budgetary policy through his contributions on this topic<sup>108</sup>. From this it can be seen that Brüning always placed all political tasks under the proviso of a long overdue overall restructuring of the Reich's finances. As long as this failed to materialize, it was a quasi-inevitable "tragedy that a generation that had gone through all the hardship of the war was also forced [...] to bear the catastrophic financial burdens of the war alone"<sup>109</sup>. However, there is no alternative to this "as long as we do not have the final financial settlement"<sup>110</sup>. Interestingly, concrete thoughts and arguments on foreign loans can already be found at this time<sup>111</sup>. However, Brüning continued

<sup>103</sup> Wolff's Telegraphisches Bureau (WTB), 81st year, no. 1481, July 24, 1930, in: PA/AA, R 23030.

<sup>104</sup> Heinrich Brüning, *Die Finanzierung des Wohnungsbaues*, in: Ders./Friedrich Dessauer/Karl Sander, *Das nationale Bauprogramm*, Berlin 1927, pp. 67-85, here p. 67 and p. 75.

<sup>105</sup> Cf. in detail Gerald D. Feldman, *The Great Disorder. Politics, Economics, and Society in the German Inflation 1914-1924*, Oxford et al. 1997, esp. Part VI.

<sup>106</sup> The speech of February 18, 1927 can be found in: *Stenographische Berichte der Verhandlungen des Reichstages*, vol. 392, Berlin 1927, the quotation on p. 9058 C.

<sup>107</sup> The speech of May 27, 1925 can be found in: *Stenographische Berichte der Verhandlungen des Reichstages*, vol. 385, Berlin 1925, the quotation on p. 2068 C.

<sup>108</sup> See Rudolf Morsey, *Brüning's Critique of the Reich's Financial Policy 1919-1929*, in: Erich Hassinger/J. Heinz Müller/Hugo Ott (eds.), *Geschichte - Wirtschaft - Gesellschaft*, Berlin 1974, pp. 359-373.

<sup>109</sup> The speech of February 18, 1927 can be found in: *Stenographische Berichte der Verhandlungen des Reichstages*, vol. 392, the quotation on p. 9060 D.

<sup>110</sup> The speech of March 19, 1928 can be found in: *Stenographische Berichte der Verhandlungen des Reichstages*, vol. 395, Berlin 1928, the quotation on p. 13517 A.

<sup>111</sup> In an essay from 1927, for example, Brüning explicitly addressed the issue of foreign loans to support the budget. Cf. on this and the

The government came to the conclusion that artificially subsidizing a deficit budget from outside not only contradicted national budgetary sovereignty, but also had to increase foreign confidence in the reliability of the debtor without this cheque being covered. Thus, the actually counterproductive circumstance that the budget stabilized on credit gave the impression of being consolidated or at least capable of consolidation automatically occurred. This resulted in positive future prospects from both a domestic and external perspective, which in reality did not exist. While the willingness to implement necessary reforms would decrease at home and, in the worst case, wage levels would even continue to rise, foreign countries would come to the erroneous assumption that Germany would be able to make large-scale permanent reparation payments. However, both of these things must be prevented.

The German pseudo-economy of the Golden Twenties, which was essentially based on the Dawes Plan and which Brüning, in retrospect, described as a great "Illusion"<sup>112</sup> provided a kind of prime example of this. Ignoring the fact that the budget had in fact remained in tatters at the time, there had been a fatal misjudgement at home and abroad of the performance of the German economy, which was in fact still ailing. This then became a problem for the German government, both domestically and in terms of foreign policy, as it lacked popular support for the necessary budget restructuring<sup>113</sup> and also came under pressure during the Young Plan negotiations in the French capital in 1929. The Allied financial experts had assumed far too favorable conditions there and had drawn completely wrong conclusions. Brüning concluded that everything must therefore be done in future to avoid "giving the impression, either internally or externally, that the German people are doing very well". Just as it was important to ensure the necessary understanding for the overdue reforms at home, "the situation in which we [...] went to Paris for expert negotiations [...] must never be repeated in Germany's history"<sup>114</sup>. Brüning had already stated in 1925 that an "overly optimistic assessment of the Reich's financial situation [...] must have alarming consequences with regard to the danger of financial control and for our currency"<sup>115</sup>. From a for whatever reason count

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Following Brüning, *Die Finanzierung des Wohnungsbaues*, in: Ders./Dessauer/Sander, *Das nationale Bauprogramm*, esp. pp. 78-81.

<sup>112</sup> Speech to the Center Board, reprinted in WTB, 81st vol. no. 1526, 29. 7. 1930, in: PA/AA, R 23030.

<sup>113</sup> According to Brüning in the Reichstag, unpleasant political decisions were "very often not sufficiently understood in taxpayers' circles because of their complexity". The speech of 19. 3. 1928 in: *Stenographische Berichte der Verhandlungen des Reichstages*, vol. 395, the quote on p. 13517 A.

<sup>114</sup> Speech to the Westphalian Center Party in Hagen, reprinted in WTB, 81st vol. no. 1601, 10. 8. 1930, in: PA/AA, R 23030.

<sup>115</sup> Heinrich Brüning, *Die Steuerreform von 1925*, in: *Politisches Jahrbuch 1925*, edited and published by Georg Schreiber, Mönchengladbach 1925, pp. 394-456, here p. 400.

If the German Reich were to be able to continue operating, its citizens would expect high transfer payments into the deficit-ridden social security systems and the Allies would demand compliance with its payment obligations without taking the actual circumstances into account.

But how could this spiral of expectations be broken? Since the end of the war, Reich governments of various stripes had repeatedly tried to diplomatically circumvent their own payments with regard to reparations by referring to Germany's lack of ability to pay and the sacrifices it had already made<sup>116</sup>, but the continued emphasis on Germany's inability to pay put Berlin in dire straits time and time again. As Brüning knew, the occupation of the Ruhr in 1923 was not least a consequence of the attempt to thwart the London payment plan with the help of such arguments<sup>117</sup>. Further escalations were only prevented by the Locarno era, in which the aspect of understanding was successfully anchored in relations between the Allies and the German Reich from 1924/25<sup>118</sup>. As far as reparations were concerned, however, there was still no viable long-term solution, as Germany's still unresolved performance repeatedly called the credibility of the German Reich into question in the eyes of the international community and thus, of course, noticeably reduced the general willingness of the other side to negotiate. This became clear at the latest after the Allied reparations agent, the US American Seymour Parker Gilbert, had clearly criticized the Reich's financial policy in 1927 and made it unmistakably clear that an international solution to fundamental issues, including a possible later cancellation of reparations in addition to any necessary moratoria, was only possible after the Reich's budget had been consolidated<sup>119</sup>.

Brüning, who was in personal contact with Parker Gilbert<sup>120</sup>, began his deliberations precisely at this neuralgic point. For reasons of financial policy, of course, he too - like every politician in the

<sup>116</sup> As one example among many, see the government statement by Reich Chancellor Konstantin Fehrenbach (Center) of June 28, 1920, in: *Stenographische Berichte der Verhandlungen des Reichstages*, vol. 344, Berlin 1921, the quote on p. 10 C-D. "If the deluded and the irreconcilable on both sides of the border systematically belittle Germany's achievements in fulfilling the peace terms, it will be the task of the new government to document what we have already achieved, ceded and given away. [...] If, in spite of this, not all the provisions of the treaty have been carried out in accordance with the wording, this is not due to Germany's ill will, but to circumstances that are stronger than her good will."

<sup>117</sup> Of a "disregard and misjudgment of the international framework conditions" Glashagen, *Die Reparationspolitik Hein- rich Brünnings*, here vol. 1, p. 44.

<sup>118</sup> Cf. in general Ralph Blessing, *Der mögliche Frieden. The modernization of foreign policy and Franco-German relations 1923-1929*, Munich 2008.

<sup>119</sup> Unsigned note from the Economic Department at the Federal Foreign Office dated November 19, 1927, in: PA/AA, R 117074.

<sup>120</sup> Cf. Hömig, Brüning, p. 109.

Weimar Republic<sup>121</sup> - was of the opinion that everything had to be done to mitigate the payment obligations of the Treaty of Versailles or, at best, to eliminate them altogether. As early as 1921, he had stated in an article attributed to him: "Without the elimination of the Treaty of Versailles, there can be no rescue from the economic and financial catastrophe."<sup>122</sup> However, as Brüning knew at the latest from the corresponding expert opinions of the reparations agent<sup>123</sup>, this required first and foremost the establishment of financial credibility with the debtors. The accusation of evading payments could be used by the Allies as justification for a restrictive stance as long as an unsound budgetary policy continued to delay the reforms that Brüning felt were necessary anyway. If there was no longer any doubt about the German people's willingness to pay, the international public would have to accept the de facto inability to meet the demands and agree to negotiations with the Reich. Brüning considered this to be the

"the safest way [...] to create the basic conditions for the absolutely necessary easing of reparation burdens in the coming years"<sup>124</sup>. If the creditors could first be assured of Germany's unconditional willingness to pay, i.e. if the will to pay could be proven irrevocably through appropriate financial reforms and budget consolidation, the objective unsustainability of the reparations burden would inevitably lead to the reduction or cancellation of the war debt. Otherwise, a lasting recovery of the budget - Brüning's declared main goal - would not be possible.

He therefore regarded orderly finances as a prerequisite for overcoming German obligations, but also as an essential political goal for the period after the reparations. For the financial politician, the consolidation of the budget, for which the elimination of reparations could only be a milestone, was the actual "centerpiece of all the problems of the coming years"<sup>125</sup> and the most important "main task of a parliament". It was necessary to "keep public finances in order [...] as a basis for stable development"<sup>126</sup>. If the future chancellor gave one particular topic a prominent position, then it was - in line with the fundamental economic concept of budgetary sovereignty as the basis of all state policy - financial policy. Even for the field of foreign policy, Brüning saw

<sup>121</sup> See Andreas Hillgruber, "Revisionismus" - Kontinuität und Wandel in der Außenpolitik der Weimarer Republik, in: *Historische Zeitschrift* 237 (1983), pp. 597-621.

<sup>122</sup> Anonymus, Der Wiederaufbau des deutschen Finanzwesens, in: *Jahrbuch der christlichen Gewerkschaften* 14 (1921), pp. 87-106, here p. 106.

<sup>123</sup> See the reference to Parker Gilbert e.g. in Heinrich Brüning, Finanz- und Steuerpolitik, in: *Politisches Jahrbuch 1927/28*, edited and published by Georg Schreiber, Mönchengladbach 1928, pp. 689-764, here p. 689.

<sup>124</sup> Brüning, *The Tax Reform of 1925*, p. 456.

<sup>125</sup> The speech of February 18, 1927 can be found in: *Stenographische Berichte der Verhandlungen des Reichstages*, vol. 392, the quotation on p. 9064 B.

<sup>126</sup> Brüning, *Memoirs*, p. 96.

the Reich's finances "ultimately [as] a basis and safeguard"<sup>127</sup>. The repatriations did not have a causal foreign policy primacy, but were rather part of a financial policy program. This provided an easily instrumentalized domestic policy argument for the foreseeably austere period of overdue financial reforms, which were Brüning's main focus. The main reason why the debt payments had to be abolished was because

"a financial policy on which the General Agent for Reparation Payments exerts a dominant influence is more than difficult"<sup>128</sup>.

It was precisely such arguments that characterized Brüning's position in the aforementioned Young Plan juncture. Within the Centre, he had calculated "whether it would not have been better" to "allow the transfer crisis to occur" during the negotiations in Paris by consciously accepting the collapse of the Reich budget, "which would undoubtedly have caused severe economic damage for Germany", but "on the other hand would have achieved an intensive reparations relief"<sup>129</sup>. The fact that the Centre still refrained from such a plan at this point was due to the already agreed Rhineland evacuation, which they did not want to jeopardize under any circumstances<sup>130</sup>. However, in order to be better prepared for future negotiations, Brüning insisted "that a positive approval of the Young Plan by the Center is not to be expected unless the government proposes measures in good time and obtains the consent of the parties to ensure that the treasury is reorganized before the Young Plan is adopted"<sup>131</sup>. This kind of restructuring did not serve the purpose of actually paying the reparations. In the Reichstag, Brüning openly admitted "that no one can consider the payments stipulated in the Young Plan to be permanently achievable". Instead, in return for the willingness now expressed by the German people to commit themselves once again to the reparations obligations for a longer period of time and to carry out the best possible budget consolidation under the given circumstances, he expected the other powers to make "a gesture of reconciliation and the possibility of hope" for Germany. In future, bilateral or international talks should not be conducted as they were in 1929, i.e. "at a time [...] when we were least equipped for this in terms of financial policy". Only the preliminary budget restructuring should provide an opportunity for revision, which in turn should enable a final budget consolidation.

<sup>127</sup> Heinrich Brüning, Finanz- und Steuerpolitik, in: Politisches Jahrbuch 1926, edited and published by Georg Schreiber, Mönchengladbach 1927, pp. 539-599, here p. 546.

<sup>128</sup> Heinrich Brüning, Zukunft der Gemeindefinanzen, in: Kommunalpolitische Blätter 17 (1926), pp. 221-225, here p. 222.

<sup>129</sup> Thus Brüning at the parliamentary group meeting in Koblenz on September 14, 1929, in: Die Protokolle der Reichstagsfraktion und des Fraktionsvorstands der deutschen Zentrumspartei 1926-1933, edited by Rudolf Morsey, Mainz 1969, no. 449, p. 323.

<sup>130</sup> Credible in Brüning, Memoirs, p. 153 f.

<sup>131</sup> Board meeting of the Center Party on 28. 1. 1930, in: Morsey (Bearb.), Protokolle der Reichstagsfraktion und des Fraktionsvorstands der deutschen Zentrumspartei, No. 503, S. 377.



Brüning had clearly stated before the Reichstag: "[w]hatever safeguards are to be derived for us from the moratorium and transfer clauses, these safeguards require that from the first day of the adoption of the Young Plan we pursue a domestic financial policy that provides us with certain guarantees for the future."<sup>132</sup>

Brüning adhered to this plan of winning over the citizens of the Reich for further reforms through austerity measures and convincing foreign countries of the desolate state of German finances through a strict austerity dictate, even during his chancellorship. "If Germany was neither financially nor economically secure at home, one could not enter into the revision negotiations, because it was to be feared that in a financially and economically insecure state, Germany would not be able to achieve any significant advantages in the revision."<sup>133</sup> According to Brüning, only if it could be made credible that the Reich could not achieve more despite all efforts, could the creditor states be expected to be willing to negotiate reparations policy - and subsequently regain fiscal sovereignty. The Chancellor explained to his cabinet "that success could not be achieved with an empty Reich treasury, rather we would have to reduce the Young Plan to absurdity with our payments"<sup>134</sup>. As his State Secretary Pünder later reiterated, it was necessary to provide "crystal-clear proof to the other powers [...] that even with the utmost austerity" the permanent stabilization of the German budget remained "an impossibility"<sup>135</sup> and therefore the reparations could not be paid in the long term.

It is therefore almost self-explanatory why Brüning was not only skeptical of any French loan offer, but was even fundamentally opposed to it. Strengthening confidence in the Weimar Republic's budget through a foreign loan *nolens volens* was out of the question for Brüning, as any stabilization through loans could only be an apparent stabilization because it did not solve the underlying problems. His entire financial policy calculations would have been at stake. He had to reject any artificial strengthening of the morbid system, which the Chancellor expressly intended to overcome in his domestic and foreign policy during his term of office, also because it would only have created new lack of freedom for German politics instead of the autonomy he was striving for. Rather, Brüning wanted to institutionalize the global depression, as he later reported in his memoirs, in order to consciously use Germany's economic crisis as a means of achieving the desired restructuring and to use it against the reparations obligations: "We were able to make our weapon out of the disease"<sup>136</sup>, he states bluntly.

<sup>132</sup> The speech of February 11, 1930 can be found in: *Stenographische Berichte der Verhandlungen des Reichstages*, vol. 426, the quotations on pp. 3924-3929.

<sup>133</sup> According to a memo from the Reich Chancellery dated January 29, 1931, in: BArch, R 43-I/310.

<sup>134</sup> Chief meeting of October 28, 1930, in: AdR Brüning, No. 153, p. 578.

<sup>135</sup> Herman Pünder, *From Prussia to Europe. Memoirs*, Stuttgart 1968, p. 106.

<sup>136</sup> Brüning, *Memoirs*, p. 309.

### Was there no alternative to rejecting the French loan offer?

Brüning's course during the crisis has been condemned in retrospect as inhumane, and not without reason. "Unimpressed by the screaming misery on the streets"<sup>137</sup>, the Chancellor stuck to his strategy of deliberately exacerbating the crisis. In his first government declaration, he announced "[e]ncisive austerity proposals in all areas of public life"<sup>138</sup>. In the following months, Brüning repeatedly defended such a policy as the only "correct position"<sup>139</sup>. Above all, he expected perseverance from Germany. The ability to endure, to persevere, probably played just as decisive a role in his world view as the exaggerated belief in his own abilities - and in the correctness of his concept. "We," said Brüning during the 1930 election campaign, "accept heavy sacrifices, but we fight for a happy future"<sup>140</sup>. In his memoirs, he explained his policy at the time as follows: "The first country that was prepared to make all unpopular internal sacrifices would come out on top." To achieve this, he said, "repeated setbacks" would have to be accepted and "only from 1935 onwards [...] could a steady recovery of the economy be expected." However, Germany should "use the world crisis [...]", "one must go the whole hog", "in order to overcome the path of suffering"<sup>141</sup> after two or three years [...]. However, it was not Brüning who led these hard years to success, but the radical forces of the Republic.

Of course, it remains largely speculative whether and to what extent the French loans could have changed the course of history. But one thing is certain: it was not least Brüning's early commitment to his financial policy crisis concept that prevented a more thorough consideration of the French stabilization efforts in Berlin. Demands for concessions from Paris played only a subordinate role, if at all. Tardieu and Briand's initiative of July 1930 had been formulated as openly as possible. Even when asked explicitly by the State Secretary, von Hoesch confirmed that the French government only expected a sufficient German commitment in the sense of mutual understanding in return<sup>142</sup>. Although this hurdle was not insurmountable, there was no unconditional examination of the offer. Even if we do not know exactly what had been discussed in Berlin up until von Bülow's reply to von Hoesch at the beginning of August, it is clear that

<sup>137</sup> Klaus Hildebrand, *Das vergangene Reich. German Foreign Policy from Bismarck to Hitler 1871-1945*, Stuttgart 1995, p. 535.

<sup>138</sup> The speech of April 1, 1930, can be found in: *Stenographische Berichte der Verhandlungen des Reichstages*, vol. 427, the quotation on p. 4729 B.

<sup>139</sup> Speech on "Volk und Staat" (People and State) to the Center Executive Committee, reprinted in *WTB*, 81st volume, no. 1526, 29. 7. 1930, in: *PA/AA*, R 23030.

<sup>140</sup> Speech to the Westphalian Center Party in Hagen, reprinted in *WTB*, 81st volume, No. 1601, 10. 8. 1930, in: *Ebenda*.

<sup>141</sup> All quotations in: Brüning, *Memoirs*, pp. 192-195.

<sup>142</sup> Cf. von Bülow to Curtius of July 9, 1930, in: *PA/AA*, R 28250k.

It would seem that the Chancellor had to decide against the loans one way or another. In any case, there is no evidence that could make it credible that the Reich government even considered a different course of action. In fact, cooperation of any kind seems to have been ruled out from the outset: Just four days after taking office, Hoesch was instructed that, in view of France, "the idea of special combinations for Germany could no longer find any interest"<sup>143</sup>. Brüning dryly informed the former Imperial State Secretary in the Foreign Office, Richard von Kühlmann, who had also offered to act as a private mediator between Berlin and Paris in the late summer of 1930, that he had "no further negotiations at all for the time being"<sup>144</sup>. Direct talks were rejected with the meaningful words "that the Reich Chancellor would also like to have a personal discussion with Mr. Tardieu", but that he saw "no possibility of bringing about such a meeting in the foreseeable future", especially as it was "impossible to imagine what content a [possible] Franco-German agreement [...] could have"<sup>145</sup>.

When, in July 1931, the French successor government under Pierre Laval again raised the idea of French credit assistance and this time was even able to consult Brüning personally, he once again refused. If one reads Hoesch's report on this meeting, it becomes clear that it was probably not French expectations of concessions that tipped the scales, but rather the Reich government's fundamental unwillingness to engage in a rapprochement again: As Paris Brüning indicated, they were "uneasy about the development of things in Germany and the shaping of German policy during the past year. In order to bring about a change and improvement in Franco-German relations and also to create the conditions for French financial aid, it was necessary to restore the trust that had been lost". Laval, who pointed out how much Stahlhelm rallies, German armaments programs and the German-Austrian customs union project had "disturbed Franco-German relations as well as the political atmosphere of the world in general", expressly "made no demands on the Reich Chancellor, but only wanted to instruct him to seek ways and means of creating calm in these areas"<sup>146</sup>. In retrospect, it seems more appropriate to understand this stance as an offer to resume the ideas of European understanding that had been pursued after 1923<sup>147</sup> and which, in view of

<sup>143</sup> Curtius to von Hoesch of April 3, 1930 and then von Hoesch to AA of April 8, 1930, in: PA/AA, R 28250k.

<sup>144</sup> Note by Pünder dated September 29, 1930, in: BArch, R 43-I/67.

<sup>145</sup> Von Bülow to von Hoesch dated December 5, 1930, in: PA/AA, R 30181b.

<sup>146</sup> From Hoesch to AA dated July 21, 1931, in: ADAP, Series B, Vol. XVIII: July 1 to October 15, 1931, No. 67, pp. 115-126, citations p. 117.

<sup>147</sup> This is also supported by the fact that Paris had also reached corresponding financial agreements with Great Britain in the meantime. Letter from the German ambassador in London, Konstantin von Neurath, dated January 15, 1931, in: BArch, R 43-I/310.

the global economic crisis also had a certain appeal at the beginning of the 1930s<sup>148</sup>. It is difficult to identify "hard political conditions"<sup>149</sup> in the range of joint strategies for overcoming the crisis that would make a rejection of Berlin appear to have no alternative.

If anything, a possible agreement with Paris could have had a negative impact on the German government in terms of domestic politics if the opposition had publicly denounced German cowardice in the face of French interference. The ubiquitous "anti-French wave"<sup>150</sup> would indeed have been a real obstacle to financial support from abroad and would probably have rejected it as a handout of French wealth, which many believed was in fact German anyway. Quite a few Germans took it for granted that "it is not the French savers whose money is being used today to build up and expand France's colonies [...], but the German tribute burdens whose 'reparations' are creating the unheard-of prosperity that France - the poor, frightened, needy country - is enjoying today without merit or worthiness"<sup>151</sup>. It is easy to imagine how an anti-government campaign could have emerged if Berlin decision-makers had borrowed money that was their own in the self-image of an increasingly arrogant nationalism. Repaying such loans one day would have meant paying the reparations twice.

Nevertheless, one must ask oneself whether this would not have been an acceptable risk, perhaps even should have been. The German side categorically refused to cooperate internationally during the crisis - not because of a lack of room for maneuver, but with a certain calculation. As shown, Brüning knew that the economic crisis would have devastating consequences for the population<sup>152</sup>, which was practically doubly affected by the additional burdens of the austerity policy<sup>153</sup>. Brüning's deflationary course exacerbated the precarious situation in Germany excessively. The Chancellor accepted this with unflinching defiance. Economists may speculate as to whether such a policy would have had any prospect of success then, now or at any other time

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In view of the danger of inflation, French financial policy appeared to be "a measure dictated by French self-interest". Thus the ambassador there, Friedrich von Prittwitz and Gaffron, on January 15, 1931, in: *Ibid.*

<sup>148</sup> See in particular Sylvain Schirmann, *Crise, coopération économique et financière entre États européens 1929-1933*, Paris 2000.

<sup>149</sup> Thus Franz Knipping, *Die deutsch-französischen Beziehungen und die Weltwirtschaftskrise*, in: Jacques Bariéty/Alfred Guth/Jean-Marie Valentin (eds.), *La France et l'Allemagne entre les deux guerres mondiales*, Nancy 1987, pp. 47-57, here p. 48.

<sup>150</sup> From Hoesch to AA dated July 10, 1930, in: PA/AA, R 28250k.

<sup>151</sup> Article from the *Hamburger Nachrichten* of April 10, 1930, in: PA/AA, R 28250k.

<sup>152</sup> See also Hömig, Brüning, p. 251.

<sup>153</sup> Cf. already Werner Jochmann, *Brüning's Deflation Policy and the Downfall of the Weimar Republic*, in: Dirk Stegmann/Bernd-Jürgen Wendt/Peter-Christian Witt (eds.), *Industrielle Gesellschaft und politisches System. Contributions to Political Social History*, Bonn 1978, pp. 97-112, esp. p. 102 f.

However, it seems certain that the Chancellor ruled out alternatives to his course from the outset<sup>154</sup>.

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<sup>154</sup> See also Carl-Ludwig Holtfrerich, Alternativen zu Brünnings Wirtschaftspolitik in der Weltwirtschaftskrise?, in: Historische Zeitschrift 235 (1982), pp. 605-631, esp. pp. 630 f.

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